

# FISCAL NOTE

**Bill #:** HB0705

**Title:** Increase utilization fee on nursing facility bed days

**Primary Sponsor:** E Clark

**Status:** Second Reading

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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## Fiscal Summary

	<b><u>FY 2004 Difference</u></b>	<b><u>FY 2005 Difference</u></b>
<b>Expenditures:</b>		
State Special Revenue	\$3,499,484	\$5,172,033
Federal Special Revenue	\$9,404,218	\$13,587,608
<b>Revenue:</b>		
State Special Revenue	\$3,499,484	\$5,172,033
Federal Special Revenue	\$9,404,218	\$13,587,608
<b>Net Impact on General Fund Balance:</b>	\$0	\$0

- |   |   |
|---|---|
| <input type="checkbox"/> Significant Local Gov. Impact              | <input checked="" type="checkbox"/> Technical Concerns            |
| <input type="checkbox"/> Included in the Executive Budget           | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input checked="" type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2             |

## Fiscal Analysis

### ASSUMPTIONS:

#### Senior and Long Term Care Division

1. This bill increases the utilization fee on nursing facility bed days, establishes a State Special Revenue account for funding increases in Medicaid payments and provides an appropriation.
2. Total nursing facility bed days for FY 2004 is estimated to be 2,058,520 and for FY 2005 is estimated to be 2,068,813.
3. Tribal nursing facility bed days are not included in assumption number 1.
4. Utilization fees will increase by \$1.70 in FY 2004 and by \$2.50 in FY 2005 for estimated increases of \$3,499,484 in FY 2004 (2,058,520 bed days x \$1.70 = \$3,499,484) and \$5,172,033 in FY 2005 (2,068,813 bed days x \$2.50 = \$5,172,033).
5. It is assumed that the Federal Medical Assistance Participation (FMAP) rate will be 72.88 percent in FY 2004 and 72.43 percent in FY 2005 resulting in additional Medicaid funding of \$9,404,218 in FY 2004 (\$3,499,484 / 27.12 percent = \$12,903,702 x 72.88 percent = \$9,404,218) and \$13,587,608 in FY 2005 (\$5,172,033 / 27.57 percent = \$18,759,641 x 72.43 percent = \$13,587,608). These amounts are appropriated in section 3 of the bill.

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(continued)

6. These revenues will be used to increase the average price paid for Medicaid nursing facility services above the FY 2003 level.
7. Revenue remaining in the special revenue account cannot be expended or transferred for other purposes and is subject to appropriation by subsequent legislatures for purposes consistent with this act.
8. This proposal is effective on July 1, 2003.

### FISCAL IMPACT:

	FY 2004 <u>Difference</u>	FY 2005 <u>Difference</u>
<u>Expenditures:</u>		
Benefits	\$12,903,702	\$18,759,641
<u>Funding of Expenditures:</u>		
State Special Revenue (02)	\$3,499,484	\$5,172,033
Federal Special Revenue (03)	<u>9,404,218</u>	<u>13,587,608</u>
TOTAL	\$12,903,703	\$18,759,641
<u>Revenues:</u>		
State Special Revenue (02)	\$3,499,484	\$5,172,033
Federal Special Revenue (03)	<u>9,404,218</u>	<u>13,587,608</u>
TOTAL	\$12,903,703	\$18,759,641
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
State Special Revenue (02)	\$0	\$0
Federal Special Revenue (03)	0	0

### LONG-RANGE IMPACTS

The revenues from the increased nursing home bed fee and the for nursing home Medicaid reimbursements funded with this increase will continue in future years at the FY05 rates.

### TECHNICAL NOTES

The budget includes a reduction in nursing home reimbursement rates of 1.87% in fiscal years 2004 and 2005. Section 1 requires the current nursing home utilization fee to be used to fund the FY2003 base rates which will require additional funding.